

Auditor's Name and Date

Internal Audit Compliance Checklist

**INTERACTIVE GAMING
WALKTHROUGH PROCEDURES**

Licensee: _____ Review Period: _____

NGCB Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the Chair” in determining whether an operator of interactive gaming is in compliance with applicable statutes, regulations, and Interactive Gaming Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of personnel, or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All “no” answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chair has granted a MICS variation or the question requires a “no” answer for acceptability. All “N/A” answers require referencing and/or comment, as to the reason the procedure is not applicable. All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.
- 3) “(#)” refers to the Minimum Internal Control Standards for Interactive Gaming, Version 9 or to the applicable regulation/statute.

Scope:

This checklist must be completed once in each fiscal year for each interactive gaming operator.

MICS Variations and Regulation Waivers:

Obtain copies of MICS variation and regulation waiver requests and NGCB correspondence regarding such requests from appropriate personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment:

Determine if approval has been received for all associated equipment used in interactive gaming. For all unreported associated equipment, cite violations of **Regulation 14.260**. For associated equipment, perform a walk-through of any additional controls on the use of the associated equipment which may be included in the written system of internal control.

✓ - Step completed without exception

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Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled and reviewed **once in each fiscal year**. Refer to the workpaper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the NGCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.				
2. Complete the CPA MICS Compliance Checklist for Interactive Gaming - General Walk-through in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines" and Internal Audit Reporting Requirements "Guidelines".				

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Questions	Yes	No	N/A	Comments, W/P Reference
Interactive Gaming Accounts				
3. Does the operator comply with the requirements established pursuant to Regulation 5.225? Regulation 5A.120				
4. Does the operator record and maintain the physical location, by state or foreign jurisdiction, of the authorized player while logged in to the interactive gaming account? Regulation 5A.120(1)				
Reserve Requirements - Regulations 5.225(20) and 5A.125				
5. Obtain a recent copy of a Regulations 5.225(20) and 5A.125 report submitted to the Board and perform the following: Indicate the month/year selected:				
a) For one day of the monthly report selected, recalculate the reserve requirement using the "Interactive Gaming Account Balance Summary Report". Was the day's reserve properly calculated and reported to the Board? Regulations 5.225(20) and 5A.125 Indicate the date selected. Note: The calculation of the daily reserve should also include the amount of promotional funds held in an authorized player's interactive gaming account which may be used for play and/or redeemed for cash.				

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b) For all days of the report being reviewed, is a reserve maintained in the form of cash, cash equivalents, or an irrevocable letter of credit held or issued, as applicable by a federally-insured financial institution or in the form of a bond written by a bona fide insurance carrier? Regulation 5.225(20)				
c) Regarding the previous question, is the reserve amount equal to or greater than the reserve requirement amount for each day reported to the Board? Regulations 5.225(20) and 5A.125 Note: In calculating the sum of all patrons' funds held in wagering accounts when such wagering accounts are used for multiple types of wagering, Regulation 5.225(20) and Regulations 5A, 22, and 26C, as applicable, shall not be construed to require the tallying of such patrons' funds more than once.				
6. Confirm the reserve agreement has been approved by the Board and is in effect by contacting the entity with which the agreement was made. Regulations 5.225(20) and 5A.125				

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7. In addition to the reserve required by Regulation 5.225(20) and any amounts that may be imposed by Regulation 6.150, does the operator maintain cash in the sum of 25% of the total amount of authorized players' funds held in interactive gaming accounts, excluding the funds that are not redeemable for cash, and the full amount of any progressive jackpots related to interactive gaming. Regulation 5A.125				
Progressive Payoff Schedules Note: The "Interactive Gaming Daily Progressive Pool Activity Report" is to be used in performing the following procedures.				
8. Scan progressive meter readings, including those offered in conjunction with an interactive gaming tournament, contest or promotion, for the most recent week and determine that:				
a) The base amount of each progressive payout is recorded pursuant to Regulation 5A.145(3) (the base amount should be recorded when first exposed for play and subsequent to each payoff).				
b) The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5A.145(3) and MICS #120				

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c) The payoff amount has increased since the prior recording [unless related to reasons allowed pursuant to Regulation 5A.145(5) and (6)].				
d) The payoff amount on the progressive payoff schedule has not been decreased except as allowed by Regulation 5A.145 (Any reduction should be supported by appropriate documentation pursuant to Regulation 5A.145(3) and (6), such as a notation of a payoff, a malfunction, etc.)				
e) Changes in the rate of progression are documented pursuant to Regulation 5A.145(4) . If no changes are detected, inquire with licensee personnel to determine if they would document such changes.				
Shills/Proposition Players				
9. Does the operator not accept or facilitate a wager from stakes players, proposition players or shills? Regulation 5A.140				
House Rules				
10. Are house rules available for review at all times by authorized players through a conspicuously displayed link and do the rules include, but not limited to, the following: Regulation 5A.100				

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Questions	Yes	No	N/A	Comments, W/P Reference
a) Clear and concise explanation of all fees? Regulation 5A.100(1)				
b) The rules of play of a game? Regulation 5A.100(2)				
c) Any monetary wagering limits? Regulation 5A.100(3)				
d) Any time limits pertaining to the play of a game? Regulation 5A.100(4)				
e) Has the operator been granted approval by the Chair for the rules currently available to the players. Indicate date approved by the Chair. Regulation 5A.100				
Self-Exclusion				
11. Has the operator established policies and procedures for self-exclusion for an individual? Regulation 5A.130(1)				
12. Do the policies and procedures include the following elements:				
a) The maintenance of a register of those individuals who have self-excluded which includes the name, address and account details of self-excluded individuals? Regulation 5A.130(1)(a)				

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Questions	Yes	No	N/A	Comments, W/P Reference
b) The closing of an interactive gaming account held by the individual who has self-excluded? Regulation 5A.130(1)(b)				
c) A training program that has been implemented for employees to ensure enforcement of the operator's policies and procedures regarding self-exclusion? Regulation 5A.130(1)(c)				
d) Provisions precluding an individual who has self-excluded from being allowed to again engage in interactive gaming until a reasonable amount of time of not less than 30 days has passed since the individual self-excluded? Regulation 5A.130(1)(d)				
e) Do the operator's policies and procedures include reasonable steps to prevent marketing material from being sent to an individual who has self-excluded? Regulation 5A.130(2)				
Information Displayed on Website				
13. Does the operator prominently display the following information on a page which, by virtue of the construction of the website, authorized players must access before beginning a gambling session: Regulation 5A.150				

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Questions	Yes	No	N/A	Comments, W/P Reference
a) The full name of the operator and address from which it carries on business? Regulation 5A.150(1)				
b) A statement that the operator is licensed and regulated by the commission? Regulation 5A.150(2)				
c) The operator's license number? Regulation 5A.150(3)				
d) A statement that persons under the age of 21 are not permitted to engage in interactive gaming? Regulation 5A.150(4)				
e) A statement that persons located in a jurisdiction where interactive gaming is not legal are not permitted to engage in interactive gaming? Regulation 5A.150(5)				
f) Active links to the following: Regulation 5A.150(6)				
i) Information explaining how disputes are resolved? Regulation 5A.150(6)(a)				
ii) A problem gambling website that is designed to offer information pertaining to responsible gaming? Regulation 5A.150(6)(b)				
iii) The state gaming control board's website? Regulation 5A.150(6)(c)				

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Questions	Yes	No	N/A	Comments, W/P Reference
iv) A website that allows for an authorized player to choose to be excluded from engaging in interactive gaming? Regulation 5A.150(6)(d)				
v) A link to the house rules adopted by the operator? Regulation 5A.150(6)(e)				
Suspicious Wagers				
14. Are interactive gaming operator's employees or its directors, officers and agents familiar with what is considered a suspicious wager? Regulation 5A.160				
15. Do interactive gaming employees or its directors, officers and agents make a diligent effort to identify and report suspicious wagers? Regulation 5A.160				
16. Do these aforementioned individuals know that Regulation 5A.160 requirements are separate from any federal suspicious activity reporting requirements? Regulation 5A.160				
17. Is a "Suspicious Wagering Report" form, developed by the board, filed with the board:				

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a) When a suspicious wager occurs (if the operator believes the wager is relevant to the possible violation of any law or regulation), it should be reported regardless of the wager amount? Regulation 5A.160(1)(a), (b) and (2)				
b) Are such reports submitted to the board within the time constraints of Regulation 5A.160(3)? Regulation 5A.160(3)				
18. Does the operator maintain a copy of any report filed along with the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the report? Regulation 5A.160(4)				
19. Is the aforementioned documentation available to the board and any appropriate law enforcement agencies upon request? Regulation 5A.160(4)				
20. Is it prohibited to inform the patron or other persons involved in the transaction that a "Suspicious Wager Report" was completed? Regulation 5A.160(5)				

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<p>Regulations 5.105 and 5A.220(5)</p> <p>Note: The following questions relate to employees of the operator of interactive gaming and of the interactive gaming service provider.</p> <p>21. Is documentation maintained indicating that the Board was provided with the name, social security number and date of birth of any employee being granted access to the Board's system of records? Regulation 5.105(3)</p>				
<p>22. Is documentation maintained indicating that the Board was notified upon the termination of employment of such employee or the reassignment of such employee mentioned in the previous step to a position that no longer requires the employee to access the Board's system of records? Regulation 5.105(3)</p>				
<p>23. Does such employee mentioned in the first question of this section or the operator know that the information contained within the Board's system of records is confidential and must not be disclosed? Regulation 5.105(3)</p>				
<p>Interactive Gaming Service Providers</p> <p>24. Does any person acting as an interactive gaming service provider hold a license specifically permitting that person to act as an interactive gaming service provider? Regulation 5A.220(2)</p>				

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Free Play and Promotional Items				
25. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? Regulation 5A.170(4)				
<u>Procedures Modified or Added:</u>				

✓ - Step completed without exception